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A NEGLECTED FACTOR IN OUR COMMERCIAL EXPANSION.

BY ALBERT HALSTEAD.

THE enterprise and energy of the American consuls are largely responsible for the recent remarkably rapid development of our foreign commerce. Although not exclusively instrumental in that desirable growth, their work is one of its most notable causes. American inventive genius, the enlargement of our productive capacity, which effected a surplus of manufactured articles, and promptness in the execution of orders, have been important influences. The awakening of American manufacturers to the necessity of cultivating a foreign market, as well as the quality, beauty, practicability and novelty of our products, were other primary causes. Without the co-operation of our consuls, this successful invasion of foreign fields would have been less rapid than it has been.

The American manufacturer is alert and enterprising, usually in advance of his foreign competitor. He has done much to secure foreign trade, but the consul has pointed the way and often suggested the means. It is unfortunate that the part of the consul in this commercial development has not, as yet, been fully appreciated. But foreign officials and business interests already understand how great an aid to the marvellous commercial expansion of the United States the American consuls have been. The facility with which the average consul adapts himself to his work is there remarked, and surprise is expressed at the unreasoning fault-finding of critics in the United States. These do not convince, and they offer no practical remedy for the conditions against which they inveigh. They form their judgments from a few isolated instances, or because of some personal grievance they condemn the entire system. The system is not per-

fect, but it is far superior to any similar service in the world. It is to be regretted, too, that our manufacturers and exporters have not accepted, as generally as they might have done with advantage, the advice officially given them by our consuls. Fortunately, however, there is a greater tendency among us to recognize the good work of the service, and to pay closer attention to its suggestions and recommendations.

In 1874, Congress provided for a Bureau of Statistics in the Department of State, whose duty it should be to prepare the volume of "Commercial Relations" issued annually by that department, as well as other information of a trade or commercial character. The monthly "Commercial Relations," or consular reports, were first issued in October, 1880. Before that, with the possible exception of short abstracts furnished occasionally to the press, the only means of giving publicity to the consular reports was through the annual volume of "Commercial Relations." The consequent delay naturally neutralized, to a large degree, the good that would have resulted from the immediate publication of consular communications. A large number of valuable reports were thus left altogether unpublished, and many others were necessarily curtailed to keep the annual volume within reasonable limits.

Appreciating the good results of the consuls' efforts for the enlargement of our commerce in their several districts, and desiring to give the country the most complete and direct benefits of their labors, Congress, at the suggestion of the Department of State, provided "for printing and distributing more frequently the publications by the Department of State of the consular and other reports." This was in response to the wishes of the leading commercial communities of the United States, as expressed through their Chambers of Commerce, which bore testimony to the excellence of the reports and the advantages which would accrue from their more frequent publication. A circular instruction was then issued by the Department of State on July 1st, 1880, to the various consular agents, setting forth the scope of the proposed publications. Among other things the circular indicated was, that "this action of Congress enlarges the field of your usefulness, and your accomplished labors are a guarantee that you will respond to the expectations of the commercial and manufacturing communities of the country, and thus prove that

you fully appreciate the very high compliment embraced in this national indorsement of your efforts for the enlargement of our commerce." Consular officers were requested to prepare and forward to the department reports upon all subjects calculated to advance the commercial and industrial welfare of the United States. They were cautioned that while giving themselves the broadest field for the work thus assigned, their "principal efforts must be directed to the introduction of American trade and the enlargement thereof in your several districts." They were told that the information desired should be explicit and comprehensive, that our merchants, manufacturers, agriculturists and exporters might fully understand the peculiarities and requirements of the several markets, as well as the best methods of reaching them; they were to leave as little as possible to surmise and speculation. The frequency of the proposed publications was to depend altogether upon the volume and value of the reports received. No place, where the United States was officially represented, was thought to be so insignificant as to be unworthy of commercial cultivation.

This was the first serious and practical thought on the subject. The Department of State had not before found it profitable to demand, nor had our consuls any incentive to prepare and forward, reports except those required for the annual volume of "Commercial Relations," there being no provision for their publication and distribution. It is different to-day. These publications are daily lessons to American manufacturers, replete with valuable information that should be studied and assimilated.

The Bureau of Statistics was superseded, in June, 1898, by the present Bureau of Foreign Commerce, the name authorized by Congress in enlarging its functions. The bureau sprang at once into greater usefulness as an auxiliary to the commercial activity of the nation. The change was largely brought about by departmental officials, who understood the importance of the material received daily from consuls, and the benefit that would result to our agriculture, commerce and manufactures should prompt publication and distribution be effected. Then followed the issuance of a daily bulletin of the more important and valuable dispatches, treating extensively of trade conditions. The result has more than justified the most sanguine expectations of the several officials concerned. The bureau's publications now consist of the

daily, monthly and special reports, to say nothing of the volume of "Commercial Relations" which is still annually issued. The "Advance Sheets," or daily issue of these consular reports, with a general circulation of many thousands, are to-day more largely sought after by the trade interests of the United States and of other countries than any other publication of the kind. Their wide circulation, aided by newspaper recognition of them as news, enhances their usefulness. It places all interests to which they relate in immediate touch with some important commercial fact. Our trade bodies, exporting firms and others bear witness to the value of this government enterprise.

Consular reports cover a multitude of subjects. They describe new methods of manufacture. They tell of the enterprises and plans of foreign manufacturers, and of the changes in tariff regulations. They call attention to the tastes, habits and prejudices of the peoples who may become our customers. They report criticisms of American products and the reasons for the unpopularity of certain articles. They suggest necessary changes of style, or in methods of packing, to make American merchandise more salable. They discuss foreign commercial customs and, in fact, cover every possible phase of the foreign markets that can guide or instruct. The consul seldom, if ever, touches upon the politics of the country in which he is stationed, save as it may affect the market for American goods, and even then with the greatest caution. He is actually forbidden to deal with political affairs affecting his territory, for this would destroy his usefulness more quickly than anything else.

A consul who is in touch with affairs at home, acquainted with the capacity of domestic manufacturers to meet certain foreign needs, will make a report on some special product. He will show the price it brings abroad, and suggest that a similar article, but of better quality, can be manufactured in the United States, shipped, pay tariff charges and sell more cheaply than that made in the country in which he is resident. This is an immediate notice to the domestic manufacturer of an opportunity to introduce his goods abroad, and it is frequently accepted. A new market for our products has often thus been established.

The consular service performs another important function. It warns our producers of foreign imitations or frauds upon the real American article. It has proved, for example, that Russians,

in order to procure a market for their own oil, have placed it in American tin cans and sold it as a native product. It has also shown, on several occasions, how our styles were copied in Germany, and how the imitations have been foisted upon the public as genuine American manufactures.

No American consul can exact a commission or compensation for any information he furnishes to a citizen at home. His reward is the consciousness that he has done his duty and promoted or protected his country's commerce. No consul whose salary exceeds \$1,000 can engage in trade abroad.

Another phase of the consul's work, and of his usefulness to his fellow citizen who is seeking to cultivate foreign trade, can be shown. A manufacturer will want information as to opportunities for the sale of some commodity in a particular foreign district. He will write to our consul there. While the latter may be glad to oblige him, perhaps a more satisfactory way is to apply directly to the Department of State, stating precisely what information is desired and asking co-operation in securing it. Many valuable consular reports have been inspired in this way. The department uniformly stands ready to second any efforts of American citizens engaged in a particular enterprise to procure information from abroad. While the department necessarily reserves the right to publish the information, it is first furnished to the individual at whose instance the inquiry was made. If an inquisitive manufacturer interrogates a consul directly, the latter ordinarily replies through the department, that it may make the information general. The consul may regard the letter of inquiry as private, but any report goes through the department. Thousands of such inquiries are made annually of the Department of State, or of the consuls direct, so that each American consul becomes, to an extent, a general information bureau for his own countrymen. The knowledge thus gained often encourages a manufacturer to make a trial exportation, or warns him to avoid an experiment that would but entail a loss.

It was early discovered in our fight for foreign trade that the American exporter or manufacturer was unable to compete with his foreign rival, because he lacked the latter's knowledge and experience. Appreciating this, our consuls have for some years made a point of frequently cautioning American manufacturers and exporters that, when seeking trade with a foreign country,

they must realize that they are dealing with a different people, whose commercial habits, needs, ideas and prejudices vary greatly from those of our own people, and should be studied and understood. They have impressed upon our manufacturers and exporters the essential fact that they must adapt themselves to foreign commercial customs. For example, they must not demand immediate payment when goods are received. Much less must they insist upon being paid before the goods have been delivered, for too often such a practice clashes with the usage at the point of destination. The exporter is simply over-anxious to be protected from loss through bad debts. That is well enough in dealing with men of doubtful financial standing, but really insulting when the purchaser has an established reputation. We have also, too frequently, refused to give long credits, as our foreign competitors do readily. The difficulty has been, as our consuls have often explained, that the American exporter has neglected to acquaint himself with the financial standing of the merchants with whom he hopes to do business. Our exporters have succeeded in collecting for the first bill, but have not encouraged their purchasers to renew their orders, when payment on delivery has been demanded. Such errors could have been avoided by studying foreign trade habits, and the manufacturer would have been reasonably sure of securing payment.

These points have been emphasized by the consular reports, and brought to the attention of our people with surprising frequency. Yet only the other day, to show how hard it is to teach every exporter his duty to himself, a consular officer in Germany found it necessary to repeat that demands for immediate payment and refusals to extend credits were interfering with the enlargement of our commerce in his section of Germany. Despite discouragements and the feeling, which very often exists, that efforts to instruct our exporters are almost useless, the consuls persevere and are gradually accomplishing much good.

American manufacturers have been averse to making their goods especially for the foreign markets they sought, evidently thinking that if their styles suited Americans, foreigners should be satisfied with them. Fortunately, all this is changing, thanks to the constant teachings of our consuls, and our manufacturers are learning to take pains to cultivate foreign trade by conforming to foreign tastes.

The question of packing goods is another that has brought forth many excellent and instructive consular reports. It is the old story of meeting foreign prejudices, and of packing goods so as to stand the wear and tear of shipment, as well as to be readily handled. These reports have told of objections raised to American packages, which are so frequently unsuited to the uses for which they are employed. As an illustration, it may be stated that it has been necessary to advise exporters not to pack merchandise that must be transported across a country where carrying facilities are primitive, in packages of larger size than is absolutely needful. Then it has been shown that the same kind of packing will not do for perishable goods as for machinery; that, unless great care is taken in this particular, loss is sure to come through breakages, as well as from the disappointment of purchasers in getting damaged goods. One enterprising consul went so far, recently, as to interview foreign importers, exporters, case-makers and stevedores in his district as to the best method of packing every conceivable kind of merchandise, and his report is a guide book to packing, invaluable not only to exporters but to every American shipper. In discussing the packing question, this consul made the point that: "The manufacturer or exporter who wins a reputation for the best packing of articles has a direct advantage in the foreign trade, prices and quality of goods being satisfactory." That applies equally to the domestic trade.

In still another way have our consuls been most useful to the exporters and manufacturers at home. They have repeatedly insisted that it is best to employ commercial travellers to create a demand for American products abroad. These travelling agents should be Americans and be conversant with the language of the countries in which they are working. They must be prepared to demonstrate the value and utility of the article they offer for sale. Should they be selling machinery, they must know how to put it up and operate it. Ignorance of this or of any detail may be fatal. Such progress has been made in capturing the foreign markets that our people engaged in such an enterprise expect to do everything with a rush, not appreciating that patience is necessary, that the demand must first be carefully cultivated. The commercial travellers must plough and plant the foreign fields before expecting a crop, nor must their employers be disappointed if the first crop is not a large one.

In the matter of foreign agencies, our consuls have again been very useful in promoting American trade. A United States consul in England, a little while ago, demonstrated that it was a serious mistake to give the agency for the sale of American goods to an Englishman, because the latter often found it more profitable to have the American styles imitated from the samples sent him, and to sell these counterfeits as of American manufacture, rather than to push the genuine American articles. This showed how advisable it is to send trained, enterprising and experienced Americans to open and manage agencies. It is solely to their interest to push the American goods. Patriotism and national pride keep them out of the temptation to sell foreign imitations. In several European countries, depots or agencies have been established for the exposition of American goods. These are not limited to one manufacturer's output, but are, as it were, miniature exhibitions of American products of all kinds, similar to those that many American cities have been wont to hold periodically. While these European expositions of American commodities are not and cannot be under the immediate control of the consuls, they have been established at the suggestion of officers of the service, and have proved a most valuable factor in the introduction of our manufactured and agricultural products. Nothing is so helpful in such cases as an actual exhibit. Such are found in England, Germany, Russia and Venezuela, and doubtless will sooner or later be duplicated in other countries.

It has been possible to give only a few instances of the lessons given by the American consuls to the American manufacturers and exporters. In a thousand ways they stimulate American trade by keeping our own people well informed. Wherever brought in competition with that of other manufacturing countries, notably Great Britain and Germany, our leading competitors, whose consular corps have been held up to us as examples, our consular system has been abundantly able to prove its superiority. The "Advance Sheets of Consular Reports" are eagerly sought by foreign governments. Only quite recently, provision was made, or rather proposed, by the German government to engraft into its system a bureau similar to our own Bureau of Foreign Commerce. In fact, the work of our consuls and its splendid results have caused the German government to require its consuls to pursue somewhat similar tactics, and this within the past few

months. The British government is likewise adopting some of our consular methods. The trade papers of Great Britain and of Germany still comment upon the effectiveness of the American consular system, upon its great helpfulness to American trade, and they criticise their own consuls for lacking in the inquisitiveness and energy of the Americans.

The consuls of the United States also make reports that are of the greatest value to the Department of State. These, while not designed to give diplomatic information, show conditions of which, for diplomatic reasons, it is well to have the Department of State informed. Thus, an American consul who is alive to the condition of his country and the wants of its people, can always be depended upon to keep the Department of State in touch with events occurring in his district, be they commercial or diplomatic. His usefulness in these respects is enhanced by the accuracy of his reports. In many instances, these are of very great moment and of practical utility as privileged and confidential communications. Within the past few months, for example, the consuls have disclosed the increasing activity of the German government and of German commercial interests in South and Central America. They have shown the evidently growing interest of the German nation in Brazil, the steady investment there of German capital, which now aggregates more than a billion dollars, and the increase in the number of German colonists in that section, where the establishment of German schools is also proposed. They have made apparent the determination of the German government that its colonists shall not become affiliated with the countries in which they settle, but shall be, first and last, sons of the Fatherland, whose welfare is their greatest interest; ready instruments, if need be, in the Germanization of the Southern and Central parts of this hemisphere, regardless of our Monroe Doctrine, should the situation arise when Germany thought she could disregard our policy. This information coming to the Department of State piecemeal, and through confidential reports, has served as a warning. It has made the department more watchful and observant of the dangers of the future in our hemisphere. It directly concerns our diplomacy and indirectly affects our foreign commercial situation, by instructing our exporters as to the immense German invasion of territory that should be almost exclusively in control of the

Americans. This is one, and a very significant, indication of the importance of the consular service in diplomacy. It manifests the aggressiveness of the German people as our commercial competitor. It shows the consul's usefulness as a source of news, observing and reporting events abroad and offering opportunities to combat foreign plans diplomatically; to check, in their inception, moves that might be harmful and injurious to the peace and, perhaps, to the safety of the Republic.

It will be readily conceded that the American consular service, even though defects may be found to exist in it, must, if honestly measured by the results attained within the past few years, become a well recognized factor in American commercial expansion. The consular officer, whatever may be said of his method of appointment, is usually a "hustler" at home; he becomes aggressive and zealous within reasonable and proper bounds abroad, jealous of his own reputation and report; and he is always intelligent in comprehending and ever ready to promote the needs of American trade. He is, in a word, the advance guard of his fellow-countrymen's commercial interests.

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